

SUPPLEMENT TO
FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART II CSE

BROKER OR DEALER
MORGAN STANLEY & CO. LLC

as of 10/31/16

STATEMENT OF SEGREGATION REQUIREMENTS AND FUNDS IN SEGREGATION
FOR CUSTOMERS TRADING ON U.S. COMMODITY EXCHANGES

SEGREGATION REQUIREMENTS (Section 4d(2) of the CEAct)

| | | | |
|---|----|-----------------|------|
| 1. Net ledger balance | | | |
| A. Cash | \$ | 9,193,937,292 | 7010 |
| B. Securities (at market) | | 6,173,415,744 | 7020 |
| 2. Net unrealized profit (loss) in open futures contracts traded on a contract market | | (1,392,210,780) | 7030 |
| 3. Exchange traded options | | | |
| A. Add market value of open option contracts purchased on a contract market | | 303,537,051 | 7032 |
| B. Deduct market value of open option contracts granted (sold) on a contract market | (| 225,568,104) | 7033 |
| 4. Net equity (deficit) (add lines 1, 2, and 3) | | 14,053,111,203 | 7040 |
| 5. Accounts liquidating to a deficit and accounts with debit balances | | | |
| - gross amount | | 218,086,434 | 7045 |
| Less: amount offset by customer owned securities | (| 217,366,257) | 7047 |
| 6. Amount required to be segregated (add lines 4 and 5) | \$ | 14,053,831,380 | 7060 |

FUNDS IN SEGREGATED ACCOUNTS

| | | | |
|---|----|----------------|------|
| 7. Deposited in segregated funds bank accounts | | | |
| A. Cash | | 4,531,667,568 | 7070 |
| B. Securities representing investments of customers' funds (at market) | | 0 | 7080 |
| C. Securities held for particular customers or option customers in lieu of cash (at market) | | 614,520,204 | 7090 |
| 8. Margins on deposit with derivatives clearing organizations of contract markets | | | |
| A. Cash | \$ | 3,642,441,778 | 7100 |
| B. Securities representing investments of customers' funds (at market) | | 0 | 7110 |
| C. Securities held for particular customers or option customers in lieu of cash (at market) | | 5,558,895,540 | 7120 |
| 9. Net settlement from (to) derivatives clearing organizations of contract markets | | (114,445,416) | 7130 |
| 10. Exchange traded options | | | |
| A. Value of open long option contracts | | 303,537,051 | 7132 |
| B. Value of open short option contracts | (| 225,568,104) | 7133 |
| 11. Net equities with other FCMs | | | |
| A. Net liquidating equity | | 7,466,864 | 7140 |
| B. Securities representing investments of customers' funds (at market) | | 0 | 7160 |
| C. Securities held for particular customers or option customers in lieu of cash (at market) | | 0 | 7170 |
| 12. Segregated funds on hand (describe: _____) | | 0 | 7150 |
| 13. Total amount in segregation (add lines 7 through 12) | | 14,318,515,485 | 7180 |
| 14. Excess (deficiency) funds in segregation (subtract line 6 from line 13) | \$ | 264,684,105 | 7190 |
| 15. Management Target Amount for Excess funds in segregation | \$ | 210,000,000 | 7194 |
| 16. Excess (deficiency) funds in segregation over (under) Management Target Amount Excess | \$ | 54,684,105 | 7198 |

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| BROKER OR DEALER MORGAN STANLEY & CO. LLC | as of <u>10/31/16</u> |
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STATEMENT OF SEGREGATION REQUIREMENTS AND FUNDS IN SEGREGATION
FOR CUSTOMERS' DEALER OPTIONS ACCOUNTS

| | | | | |
|--|----------|----------|-------|--------|
| 1. Amount required to be segregated in accordance with Commission regulation 32.6 | | \$ _____ | 0 | 7200 |
| 2. Funds in segregated accounts | | | | |
| A. Cash | \$ _____ | | 0 | 7210 |
| B. Securities (at market) | _____ | | 0 | 7220 |
| C. Total | | | _____ | 0 7230 |
| 3. Excess (deficiency) funds in segregation (subtract line 2.C from line 1) | | \$ _____ | 0 | 7240 |

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STATEMENT OF SECURED AMOUNTS AND FUNDS HELD IN SEPARATE ACCOUNTS
PURSUANT TO COMMISSION REGULATION 30.7

FOREIGN FUTURES AND FOREIGN OPTIONS SECURED AMOUNTS

| | | | |
|---|----|---------------|------|
| Amount required to be set aside pursuant to law, rule or regulation of a foreign government or a rule of a self-regulatory organization authorized thereunder | \$ | 0 | 7305 |
| 1. Net ledger balance - Foreign Futures and Foreign Option Trading - All Customers | | | |
| A. Cash | \$ | 2,689,717,283 | 7315 |
| B. Securities (at market) | | 1,197,707,244 | 7317 |
| 2. Net unrealized profit (loss) in open futures contracts traded on a foreign board of trade | | 223,712,204 | 7325 |
| 3. Exchange traded options | | | |
| A. Market value of open option contracts purchased on a foreign board of trade | | 21,482,751 | 7335 |
| B. Market value of open contracts granted (sold) on a foreign board of trade | | (10,587,801) | 7337 |
| 4. Net equity (deficit) (add lines 1. 2. and 3.) | \$ | 4,122,031,681 | 7345 |
| 5. Accounts liquidating to a deficit and accounts with debit balances - gross amount | \$ | 40,057,210 | 7351 |
| Less: amount offset by customer owned securities | | (33,915,431) | 7352 |
| | | 6,141,779 | 7354 |
| 6. Amount required to be set aside as the secured amount - Net Liquidating Equity Method (add lines 4 and 5) | \$ | 4,128,173,460 | 7355 |
| 7. Greater of amount required to be set aside pursuant to foreign jurisdiction (above) or line 6. | \$ | 4,128,173,460 | 7360 |

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STATEMENT OF SECURED AMOUNTS AND FUNDS HELD IN SEPARATE ACCOUNTS
PURSUANT TO COMMISSION REGULATION 30.7

FUNDS DEPOSITED IN SEPARATE REGULATION 30.7 ACCOUNTS

| | | | |
|---|----|----------------------|----------------------|
| 1. Cash in banks | | | |
| A. Banks located in the United States | \$ | <u>444,933,864</u> | <u>7500</u> |
| B. Other banks qualified under Regulation 30.7 | | | |
| Name(s): 0 | | <u>525,937,848</u> | <u>7520</u> |
| | \$ | | <u>970,871,712</u> |
| | | | <u>7530</u> |
| 2. Securities | | | |
| A. In safekeeping with banks located in the United States | \$ | <u>335,867,441</u> | <u>7540</u> |
| B. In safekeeping with other banks qualified under Regulation 30.7 | | | |
| Name(s): 0 | | <u>0</u> | <u>7560</u> |
| | | | <u>335,867,441</u> |
| | | | <u>7570</u> |
| 3. Equities with registered futures commission merchants | | | |
| A. Cash | \$ | <u>0</u> | <u>7580</u> |
| B. Securities | | <u>0</u> | <u>7590</u> |
| C. Unrealized gain (loss) on open futures contracts | | <u>0</u> | <u>7600</u> |
| D. Value of long option contracts | | <u>0</u> | <u>7610</u> |
| E. Value of short option contracts | (| <u>0</u> | <u>7615</u> |
| | | | <u>0</u> |
| | | | <u>7620</u> |
| 4. Amounts held by clearing organizations of foreign boards of trade | | | |
| Name(s): 0 | | <u>0</u> | <u>7630</u> |
| A. Cash | \$ | <u>0</u> | <u>7640</u> |
| B. Securities | | <u>0</u> | <u>7650</u> |
| C. Amount due to (from) clearing organizations - daily variation | | <u>0</u> | <u>7660</u> |
| D. Value of long option contracts | | <u>0</u> | <u>7670</u> |
| E. Value of short option contracts | (| <u>0</u> | <u>7675</u> |
| | | | <u>0</u> |
| | | | <u>7680</u> |
| 5. Amounts held by members of foreign boards of trade | | | |
| Name(s): 0 | | <u>0</u> | <u>7690</u> |
| A. Cash | \$ | <u>1,927,593,975</u> | <u>7700</u> |
| B. Securities | | <u>861,839,803</u> | <u>7710</u> |
| C. Unrealized gain (loss) on open futures contracts | | <u>223,709,438</u> | <u>7720</u> |
| D. Value of long option contracts | | <u>21,482,751</u> | <u>7730</u> |
| E. Value of short option contracts | (| <u>(10,587,801)</u> | <u>7735</u> |
| | | | <u>3,024,038,166</u> |
| | | | <u>7740</u> |
| 6. Amounts with other depositories designated by a foreign board of trade | | | |
| Name(s): 0 | | <u>0</u> | <u>7750</u> |
| | | | <u>0</u> |
| | | | <u>7760</u> |
| 7. Segregated funds on hand (describe: _____) | | | |
| | | | <u>0</u> |
| | | | <u>7765</u> |
| 8. Total funds in separate section 30.7 accounts | | | |
| | \$ | <u>4,330,777,319</u> | <u>7770</u> |
| 9. Excess (deficiency) set Aside Funds for Secured Amount (subtract Line 7 Secured Statement page 15 from Line 8) | | | |
| | \$ | <u>202,603,859</u> | <u>7380</u> |
| 10. Management Target Amount for Excess funds in separate section 30.7 accounts | | | |
| | \$ | <u>160,000,000</u> | <u>7780</u> |
| 11. Excess (deficiency) funds in separate 30.7 accounts over (under) Management Target | | | |
| | \$ | <u>42,603,859</u> | <u>7785</u> |

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STATEMENT OF CLEARED SWAPS CUSTOMER SEGREGATION REQUIREMENTS AND
FUNDS IN CLEARED SWAPS CUSTOMER ACCOUNTS UNDER 4D(F) OF THE CEA

Cleared Swaps Customer Requirements

| | | | |
|--|----------------|-------------------|------|
| 1. Net ledger balance | | | |
| A. Cash | | \$ 11,628,147,933 | 8500 |
| B. Securities (at market) | | 5,833,538,689 | 8510 |
| 2. Net unrealized profit (loss) in open cleared swaps | | (4,279,447,247) | 8520 |
| 3. Cleared swaps options | | | |
| A. Market value of open cleared swaps option contracts purchased | | 0 | 8530 |
| B. Market value of open cleared swaps option contracts granted (sold) | | (0) | 8540 |
| 4. Net equity (deficit) (add lines 1, 2, and 3) | | \$ 13,182,239,375 | 8550 |
| 5. Accounts liquidating to a deficit and accounts with debit balances - gross amount | \$ 131,282,649 | | 8560 |
| Less: amount offset by customer owned securities | (130,666,234) | 616,415 | 8570 |
| 6. Amount required to be segregated for cleared swaps customers (add lines 4 and 5) | | \$ 13,182,855,790 | 8590 |

Funds in Cleared Swaps Customer Segregated Accounts

| | | | |
|---|--|-------------------|------|
| 7. Deposited in cleared swaps customer segregated accounts at banks | | | |
| A. Cash | | \$ 2,922,559,419 | 8600 |
| B. Securities representing investments of cleared swaps customers' funds (at market) | | 0 | 8610 |
| C. Securities held for particular cleared swaps customers in lieu of cash (at market) | | 244,775,830 | 8620 |
| 8. Margins on deposit with derivatives clearing organizations in cleared swaps customer segregated accounts | | | |
| A. Cash | | 4,834,806,971 | 8630 |
| B. Securities representing investments of cleared swaps customers' funds (at market) | | 0 | 8640 |
| C. Securities held for particular cleared swaps customers in lieu of cash (at market) | | 5,588,762,859 | 8650 |
| 9. Net settlement from (to) derivatives clearing organizations | | (183,399,973) | 8660 |
| 10. Cleared swaps options | | | |
| A. Value of open cleared swaps long option contracts | | 0 | 8670 |
| B. Value of open cleared swaps short option contracts | | (0) | 8680 |
| 11. Net equities with other FCMs | | | |
| A. Net liquidating equity | | 0 | 8690 |
| B. Securities representing investments of cleared swaps customers' funds (at market) | | 0 | 8700 |
| C. Securities held for particular cleared swaps customers in lieu of cash (at market) | | 0 | 8710 |
| 12. Cleared swaps customer funds on hand (describe: _____) | | 0 | 8715 |
| 13. Total amount in cleared swaps customer segregation (add lines 7 through 12) | | \$ 13,407,505,106 | 8720 |
| 14. Excess (deficiency) funds in cleared swaps customer segregation (subtract line 6 from line 13) | | \$ 224,649,316 | 8730 |
| 15. Management Target Amount for Excess funds in cleared swaps segregated accounts | | \$ 92,000,000 | 8760 |
| 16. Excess (deficiency) funds in cleared swaps customer segregated accounts over (under) Management Target Excess | | \$ 132,649,316 | 8770 |